

Education and Workforce Development Cabinet

Kentucky's annual jobless rate remained unchanged in 2013

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FRANKFORT, Ky. (March 14, 2014) — Kentucky's annual unemployment rate remained unchanged at 8.3 percent from 2012 to 2013, while nonfarm employment gained 15,500 jobs, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The U.S. annual unemployment rate fell to 7.4 percent in 2013 from 8.1 percent in 2012.

The U.S. Bureau of Labor Statistics' estimate of the number of employed Kentuckians for 2013 was 1,895,194. This figure is down 4,542 from the 1,899,736 employed in 2012 but up 47,135 from 2003.

The estimated number of unemployed Kentuckians for 2013 was 170,630, down 1,797 from the 172,427 unemployed in 2012. The number of those unemployed is up by 46,938 compared to 10 years ago.

In 2013, the estimated number of Kentuckians in the civilian labor force was 2,064,824. This is down 6,339 from the 2,072,162 recorded in 2012, but up 94,073 persons from 1,971,751 in 2003.

Labor force statistics, including the unemployment rate, are based on surveys designed to measure trends.

Kentucky had the eighth highest annual unemployment rate among all states and the District of Columbia in 2013. Kentucky was one of 20 states, including the District of Columbia, with annual unemployment rates above the U.S. annual rate in 2013. Four contiguous states, Virginia, West Virginia, Missouri and Ohio, had unemployment rates lower than the national average. The other three, Indiana, Tennessee and Illinois, had unemployment rates higher than the U.S. average.

Annual unemployment rates declined in all states with the exception of Illinois, Massachusetts and Oklahoma. North Dakota posted the lowest 2013 annual jobless rate in the country at 3 percent while Nevada had the highest annual rate at 9.8 percent.

In a separate federal survey of business establishments that excludes jobs in agriculture and people who are self-employed, Kentucky's nonfarm payroll in 2013 increased by 15,500 or 0.9 percent to 1,837,100 employees making it the highest number of nonfarm jobs in Kentucky since 2007 when Kentucky's nonfarm employment peaked at 1,866,400.

Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, seven of Kentucky's 11 major nonfarm job sectors listed in the North American Industry Classification System (NAICS) showed employment growth in 2013, while four reported losses.

Kentucky's professional and business services, a sector that includes professional, scientific and technical services, management of companies, and administrative and support management, added 8,000 jobs in 2013. This category also includes temporary help agencies that provide workers to other businesses on a contractual basis. In the last 10 years, the sector has surged by 43,000 jobs or just over 27 percent.

"Business support services, especially temp services, have become increasingly important to our economy. As a cost-management measure, companies look to expand by hiring contract employees," said economist Manoj Shanker of the OET.

According to the annual employment data, Kentucky's manufacturing sector expanded by 5,100 jobs or 2.3 percent in 2013 for a total of 228,600 positions. In the last 10 years, the manufacturing base has eroded by about 14 percent with the loss of 36,900 jobs.

"Kentucky's manufacturing employment peaked in 2000 and declined steadily for 10 consecutive years. But for the last three years the state's manufacturing base has expanded especially in the durable goods sector with the resurgence of the auto industry," said Shanker. "It's a combination of domestic demand and export of finished products."

The state's leisure and hospitality sector added 3,800 positions in 2013, and rose by 22,700 or nearly 15 percent since 2003. Within the sector are arts, entertainment and recreation, and accommodation and food services.

The financial activities sector gained 1,700 jobs from a year ago. Over the past 10 years this sector has added 3,900 jobs for a gain of 4.6 percent.

"The strong employment performance was a result of refinancing activity and home sales from a drop in mortgage rates during the first half of 2013. The market started softening by the middle of the year as interest rates started climbing up," said Shanker.

The educational and health services sector gained 1,500 jobs in 2013 and has surged by 30,600 or a little over 13 percent in the last 10 years. Within this sector, health care and social assistance industries, such as hospitals, nursing and residential care facilities and social assistance businesses, added 900 jobs in 2013 for a gain of 0.4 percent, and have expanded by 30,600 jobs or just under 16 percent in the past 10 years. Educational services in this sector include employees at private elementary, secondary and postsecondary schools along with other establishments that provide instruction and training. Educational services gained 600 jobs in 2013, but declined by 700 jobs in the last 10 years.

The trade, transportation and utilities sector increased by 200 jobs or 0.1 percent in 2013, but it has fallen by 1,700 or 0.5 percent over the past 10 years. It is the largest Kentucky sector with a total of 369,300 jobs or one-fifth of Kentucky's nonfarm employment. Within the sector in 2013, wholesale trade was up by 1,200 jobs, retail trade employment declined by 100, while businesses in transportation, warehousing and utilities lost 900 jobs.

"Both retail and warehousing activities took a hit as online sales shifted to drop shipping — that is, direct shipment from warehouses. Direct shipments not only cut overhead, but also allows businesses to manage inventories, thus trimming costs even further," said Shanker.

Kentucky's construction sector added 100 jobs in 2013, for a growth of 0.1 percent. The sector has declined by 15,600 jobs or nearly 19 percent since 2003.

“The construction industry was hard hit by the mortgage crisis, as well as the general economic recession. Even now wages haven’t recovered and the loss of spending power has dampened construction activity,” Shanker said.

The information sector, which includes establishments involved in publishing, Internet activities, data processing, broadcasting and news syndication, had 200 fewer positions for a decline of 0.8 percent in 2013. It is down by 3,400 jobs or more than 11 percent compared to 10 years ago.

The government sector, which includes federal, state and local employment in public education, public administration agencies and state-owned hospitals, declined by 0.2 percent for a loss of 800 jobs in 2013. In the last 10 years, the sector has grown by 24,600 positions.

Other services, a sector that includes repair and maintenance; personal and laundry services; and religious, civic, and professional organizations, declined by 1,000 jobs or 1.5 percent in 2013. The sector has lost 12,100 jobs in the last 10 years.

Employment in the mining and logging sector declined sharply by 14 percent with the loss of 2,900 jobs in 2013. Over a 10-year period the sector has lost 1,400 jobs. Other industries included in the sector are forestry; oil and gas extraction; and support activities for mining.

“Increased competition from the natural gas industry, as well as low-cost coal mined in the western United States, has considerably dampened employment in Kentucky’s mining sector,” said Shanker.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count the number of people working. Civilian labor force statistics include non-military workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Learn more about Kentucky labor market information at www.kylmi.ky.gov.